DOCUMENT RESUME

ED 471 662 TM 034 691

AUTHOR	Shipman, Stephanie
TITLE	Linking Program Performance to the Budget: Can Agencies Meet the President's Challenge?
PUB DATE	2002-11-00
NOTE	8p.; Paper presented at the Annual Meeting of the American Evaluation Association (Arlington, VA, November 2002).
PUB TYPE	Reports - Descriptive (141) -- Speeches/Meeting Papers (150)
EDRS PRICE	EDRS Price MF01/PC01 Plus Postage.
DESCRIPTORS	*Budgeting; *Evaluation Methods; *Federal Government; Government Role; *Program Evaluation; *Public Agencies
IDENTIFIERS	*General Accounting Office

ABSTRACT

This paper introduces some recent changes by the current administration that are increasing the visibility of program evaluation in Washington and then describes some concerns raised by this new attention. The paper also suggests ways that evaluators can assist federal decision makers in using evaluation results wisely. Over the past decade, Congress and several Administrations have put in place a structure for increasing the federal focus on accountability for government performance. In accord with these changes, the Office of Management and Budget (OMB) introduced a more formal assessment process and a tool, the Program Assessment Rating Tool (PART), to apply to 20% of programs in preparing the fiscal year 2004 budget. The PART program fits with OMB's agency-by-agency budget reviews, but it is not well-suited to addressing cross-cutting issues or to looking at broad program areas in which several programs address a common goal. PART can be used to promote discussions of what is and is not known about program performance and then to stimulate evaluations designed to fill the gaps. To assist in the integration of evaluation and performance information into budget and policy discussions, the paper suggests evaluators could: (1) make the evaluation more relevant; (2) help prepare agency staff for budget discussions; (3) develop tools to improve the budget and performance integration process; and (4) improve the quality of state and local data. (SLD)

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ED 471 662

Linking Program Performance to the Budget: Can Agencies Meet the President's Challenge?

Stephanie Shipman

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Annual Meeting of the American Evaluation Association in Arlington, VA
November 2002

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"Linking Program Performance to the Budget: Can Agencies Meet the President's Challenge?" Stephanie Shipman, U.S. General Accounting Office.[1] Paper presented at the annual meeting of the American Evaluation Association, November 9, 2002, Arlington, VA.

In this paper I aim to introduce those of you who are not yet familiar with them to recent Administration initiatives that are increasing the visibility of program evaluation in Washington, then describe some of my concerns about this new attention, and finally, suggest ways that evaluators can assist federal decision makers in using evaluation results wisely. I am, of course, presenting my own opinions and not representing GAO's views.

Over the past decade, Congress and several Administrations have put in place a structure for increasing the federal focus on accountability for government performance. A central part of that structure is the Government Performance and Results Act of 1993 (GPRA) that required strategic and performance plans and annual performance reporting, and also required links between performance plans and budgets. While implementing GPRA has expanded the supply of information on program performance and results, many in Congress and the Executive Branch have been frustrated by the slow progress of improving government performance and accountability. In August 2001, the President released a Management Agenda to advance the process and address "the government's most glaring problems" with five government-wide initiatives that together aim to help government achieve better results through increasing efficiency, effectiveness, and accountability.[2] The five initiatives are: strategic management of human capital; competitive sourcing to create a market-based government; improved financial management; expanded electronic government; and budget and performance integration. These reforms track very closely to the federal statutory framework of management reforms enacted during the 1990s.[3]

To encourage accountability, the Administration is tracking how well departments and agencies are executing these management initiatives with an Executive Branch Management Scorecard. Last winter, the Office of Management and Budget (OMB) rated agencies' progress in implementing these reforms, and published agencies' 2001 baseline scores - as red, yellow and green traffic lights. The budget and performance integration initiative, in particular, raises the visibility of agencies' evaluation activities. OMB's criteria for obtaining a "green light" on budget and performance integration are:

1) an integrated planning/evaluation and budget staff work with program managers to create an integrated plan/budget and evaluate its implementation,
2) a streamlined plan/budget sets forth outcome goals, targets and resources requested in the context of past performance,
3) budget accounts, staff, and activities are aligned to support program targets,
4) full budgetary cost is charged to mission accounts and activities, and

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[1] The views expressed are the author's, and do not represent U.S. General Accounting Office policy.
[2] *The President's Management Agenda, Fiscal Year 2002.* Executive Office of the President, Office of Management and Budget. N.d., n.p. http://www.whitehouse.gov/omb/budintegration/pma_index.html
[3] *Managing for Results: The Statutory Framework for Performance-Based Management and Accountability* (GAO/GGD/AIMD-98-52, Jan. 28, 1998). Available at http://www.gao.gov

5) the agency has documented program effectiveness and can show how outputs and policies affect desired outcomes and how program results inform budget decisions.

These standards are high; no department received a green light on budget and performance integration last January, and only three received a yellow light (EPA, Transportation, and the Small Business Administration).

Federal program evaluations were further spotlighted when OMB incorporated assessments of the effectiveness of a selected set of programs in the President's Fiscal Year 2003 budget proposal. Those first round assessments were a little rough and not always clearly sourced, but this spring, OMB introduced a more formal assessment process and a tool, the PART – Program Assessment Rating Tool – to apply to 20 percent of programs in preparing the President's Fiscal Year 2004 budget. (They anticipate rating an additional 20 percent in each following year.) The PART includes general questions in each of four broad topics:

(1) program purpose and design – whether it is focused, unique, and optimally designed;
(2) strategic planning – whether long-term and annual goals are meaningful, coordinated with related programs, and aligned with the budget;
(3) program management – i.e., financial and performance oversight and accountability; and
(4) program results – whether the program has been evaluated, and is meeting its long-term and annual goals.

OMB budget reviewers arrive at a profile for each program by reviewing information from budget submissions, agency strategic and annual performance plans, program evaluations, GAO and IG reports, and other sources, and make an overall assessment of whether a program is "effective", "moderately" or "minimally" effective, or "ineffective".[4] OMB staff conducted assessments using the PART tool this September, with input from agency staff, in the first stage of preparing the President's Budget for Fiscal Year 2004. The tool and instructions for using it are available at the same OMB website [www.whitehouse.gov/omb/budintegration/part_assessing2004.html].

Integrating performance information into budget decisions is important because it can show the likely performance consequences of our budgetary choices. Our country faces long-term fiscal challenges related to spending on aging baby-boomers that will force increasingly difficult budgetary choices. We need to find ways to manage growth in spending on retirement and health programs, but we must also reexamine existing federal policies in light of the changing needs of the 21st century. Many programs and policies were designed years ago to respond to earlier challenges and need to be scrutinized for their relevance to today.

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[4] *Assessing Program Performance for the FY2004 Budget*, Executive Office of the President, Office of Management and Budget, and OMB Memorandum M-02-10, *Program Performance Assessments for the FY2004 Budget*, dated July 16, 2002.
http://www.whitehouse.gov/omb/budintegration/part_assessing2004.html

The federal budget process is a natural vehicle for discussing program performance because it provides an annual forum for review and debate of government priorities. As GAO testified this summer, "Performance-based budgeting can help enhance the government's capacity to assess competing claims in the budget by arming budgetary decision makers with better information on the results of both individual programs as well as entire portfolios of tools and programs addressing common performance outcomes".[5] However, it's important to temper expectations – both hopes and fears – for this process. Integrating program performance and results into budget discussions will not be a simple, straightforward undertaking. Performance information is only one input to budgeting. It cannot and will not replace political choices; it cannot settle debates about the appropriate role of the federal government or the need for various federal programs and policies. But performance information can inform the debate, focus the agenda on the outcomes we want to achieve, and clarify the likely performance consequences of resource decisions. In addition, performance problems don't necessarily elicit a single budgetary response; they might prompt either budget cuts or enhanced investments and program redesign, depending on whether a poorly performing program is considered important to retain.

In testimony this summer, GAO pointed out that the PART tool introduces transparency and opportunities for more in-depth discussion of program performance in OMB budget reviews, but also has some limitations. [6] Thorough reviews such as those implied by the PART tool obviously require credible performance information on outcomes. Decision makers must feel comfortable with the appropriateness of the goals and measures and accuracy of the data before they will use it to allocate resources. However, these have posed problems throughout implementation of GPRA. Some agencies struggle to measure meaningful outcomes and many can't show their contribution to goals that are only partially influenced by federal programs. In addition, federal agencies are still working on developing reliable cost accounting data that is needed to link resources to results.

Although the PART's program-by-program approach fits with OMB's agency-by-agency budget reviews, it is not well-suited to addressing cross-cutting issues or to looking at broad program areas in which several programs address a common goal. Yet it's often critical to understand whether and how a program complements or supports other related programs. Obviously, it will be difficult to develop "bottom line" judgments or ratings for programs with multiple performance goals and mixed performance records. At a minimum, reviewers should probably not focus on specific 'scores' on the PART instrument – particularly a "total" score summed across the diverse sections – but should use it as a profile of strengths and weaknesses for discussion. (How the ratings will be reported has been a continuing point of debate in public discussion of the tool.) Further, the achievement of federal or national policy goals often depends on the actions of state and local governments or non-governmental actors, which is noted but not fully captured in the PART.

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[5] *Performance Budgeting: Opportunities and Challenges* (GAO-02-1106T, Sept. 19, 2002).
[6] GAO-02-1106T. Available at http://www.gao.gov

On the other hand, the PART tool provides an opportunity for evaluations to capture more attention in OMB budget reviews and federal policymaking more generally. The tool promises to build on GPRA by using the performance data generated, and may increase the supply of data by promoting demand for it in the budget formulation process. An assessment tool won't resolve policy debates, but it could help identify programs for further evaluation. The PART's greatest contribution may be to focus discussions between OMB and the agencies on a given program's progress towards planned performance, and what tools and strategies might be used to bring about improvements in achieving specific goals and objectives. For example, the PART section on management may identify ways to improve operations. The section on design might identify changes needed to improve targeting or effectiveness. The PART – and its sustained use over time – can also be expected to increase the attention paid to evaluation and performance information among federal agencies and the third parties involved in implementing federal initiatives. The fact that an agency's score suffers from the absence of information may provide added impetus for agencies to enhance their evaluation and information-gathering capabilities.

GAO's September testimony also noted "the gaps and weaknesses [in performance and evaluation information] identified by the PART exercise may help pinpoint aspects of the federal evaluation infrastructure that need to be strengthened." Experience with GPRA performance reporting has highlighted several challenges to assessing federal program outcomes that are already familiar to evaluators: 1) isolating a particular program's contribution alongside other efforts to promote particular outcomes, 2) tracking outcomes that take years to achieve, and linking them to annual budgets, 3) the diminished ability of federal agencies to influence outcomes of programs where responsibility has devolved to the states, and 4) relying on states and other parties for the data with which to evaluate progress. Thus, the PART could be used to promote discussions of what is known and not known about program performance and stimulate evaluations especially designed to fill those gaps. Finally, GAO expressed concern that our reviews of federal agencies' evaluation activities have found capacity to be quite uneven. GAO urged that investment in improving evaluation capacity be viewed as part of a broader initiative to improve the accountability and management capacity of federal agencies and programs.

Moving forward, I'd like to suggest some ways that evaluators – within and outside the federal government – could assist agency and congressional decision makers in integrating evaluation and performance information into budget and policy discussions. I see four basic approaches: 1) Make your evaluations more relevant to this emerging federal budget process; 2) Help prepare agency staff for their program assessment discussions with OMB; 3) Develop tools to better inform the process as a whole; and 4) Improve the quality of state and local program data.

(1) **Make your evaluation more relevant.** Situate your evaluation of a federal program in the context of the agency's strategic and performance goals and expectations. Read the agency's performance plans and discuss with project officers and program managers how they see their program contributing to their agency's performance goals, and how your evaluation will fit into OMB's

performance assessment. Which PART questions will your evaluation be expected to address? What other information will be available? What are their performance expectations for the program? What federal programs will this one be compared to and how is **their** performance measured? This may identify additional issues or measures to include in your evaluation or at least initiate a discussion of where else the agency might obtain data on those issues.

(2) **Help prepare agency staff for budget discussions.** Work with your federal program managers to help them develop a comprehensive picture of where the program fits in the larger picture of efforts to achieve their outcome goals. Help them develop logic models that show the relationships between their program and agency annual and strategic goals. Articulate the distinctions between the contributions of their program and those of related programs. Model the relationship between their program and external factors that influence whether their goals are achieved. Help them to identify measures that more appropriately capture their program's specific contribution to the relatively broad, general outcomes they often put forward. You probably can't incorporate all these issues into your evaluation study, but you will have helped prepare agency staff to discuss these issues and explain how the resources spent on their program will contribute to achieving desired outcomes.

- You could also help program managers identify gaps or weaknesses in their available performance information, identifying which key questions they have information on and which remain unanswered. Explore with them what targeted analysis might address those remaining questions. Again, this prepares them to engage in a more fruitful discussion of what crucial information they might obtain if they had additional funds for evaluation.

(3) **Develop tools to improve the budget and performance integration process.** Contribute to a dialog on how to overcome key challenges to assessing federal program outcomes, such as: 1) isolating a program's contribution to a broad effort composed of multiple programs and activities aimed at common goals; 2) assessing federal programs where decision authority has been devolved to the state and local levels; and 3) assessing the comparative advantage of current programs to alternative strategies for achieving a program's goals. If the purpose of a flexible grant program is to help states and localities to meet their local needs, then should we be measuring the quality of **those** parties' needs assessments and how well **they** target resources? Has the federal role evolved in these programs to providing intellectual leadership and technical assistance, to learn what works and help providers adopt successful practices? If so, then, should we evaluate how well agencies have achieved those goals, rather than measure progress in achieving national health, social or environmental outcomes?

- We also need help in constructing an objective, balanced approach to conducting holistic assessments of programs, policies, and activities that are aimed at similar outcomes. OMB has launched an effort to develop common performance measures for programs in areas such as employment and training or food safety to

assist direct comparisons of their effectiveness. While there is a recognition that some programs may not in fact overlap because they serve distinct populations (e.g., general and special needs populations), I have not seen an approach for appropriately comparing programs that have different performance expectations for their different target populations.

(4) **Improve the quality of state and local data.** For those of you who do not work directly with federal programs or agencies, we could still use your help in improving the quality of state and local program data. You can help program staff select appropriate measures of their goals and objectives or adopt data collection, processing, and reporting procedures to help ensure their data validity and reliability. Encourage them to collaborate with program partners and colleagues in other locales in selecting measures, data collection technologies and definitions. Elaine Vaurio and I saw an excellent example of coordination in the USDA's Expanded Food and Nutrition Education Program.[7] State and local program providers banded together, with federal coordination and leadership, to draw on research literature and experts to develop common measures of client benefits that were sophisticated, meaningful and useful at the local, state, and federal levels.

Periodic re-examination of federal government priorities, programs and activities is an important responsibility of the executive and congressional branches – to ensure accountability to the public and to meet the nation's needs. However, effective oversight is difficult and requires both good quality information and a sophisticated understanding of how programs work. I believe evaluators have important roles to play in helping to meet those needs.

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[7]This example was described in another paper on this panel and in the GAO report, *Program Evaluation: Strategies for Assessing How Information Dissemination Contributes to Agency Goals* (GAO-02-923, Sept. 30, 2002). Available at http://www.gao.gov

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